



บริษัท อาม่า มารีน จำกัด (มหาชน)
AMA MARINE PUBLIC CO., LTD.

ทะเบียนเลขที่ 0107559000231

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Subject: 2021 Management Discussion & Analysis

Attention: The President

The Stock Exchange of Thailand

2021 Management Discussion and Analysis

Executive Summary

International marine logistics service

International marine logistics service reported an increase in revenue of Baht 0.77 million or 0.07% YoY due to higher fleet utilization rates and depreciated in Thai baht exchange rate. However, since the reduction in fleet size and the removal of three vessels from operation for dry-docking this year, cargo volume has decreased by 11.73 percent.

The gross profit of the Company in 2021 was Baht 161.20 million, dropped by Baht 58.77 million or 26.72% YoY representing gross profit margin at 13.79 %, decreased from 18.83 % YoY due to rising fuel cost but the freight rate slightly improved.

Domestic land logistics service

In October 2021, AMA Logistics Company Limited (“AMAL”), a subsidiary acquired ordinary shares of TSSK Logistics Company Limited (“TSSK”) and Auto Logis Company Limited (“AUTO”) in the proportion of 76.00% of the total number of shares from the existing shareholders. TSSK provides gas transportation and petrochemical container transportation, whereas AUTO provides automotive transportation. This acquisition aims to broaden the transportation service's reach as well as future funding for new projects.

Domestic land logistics service reported additional services income of Baht 282.09 million or 44.14% YoY to record at Baht 921.19 million. In comparison to the previous year, gross profit climbed by Baht 65.51 million, or 46.26 percent representing gross profit margin at 22.49% as a result of more efficient fleet and route management.

Table 1: Key Financial Results

unit: million Baht

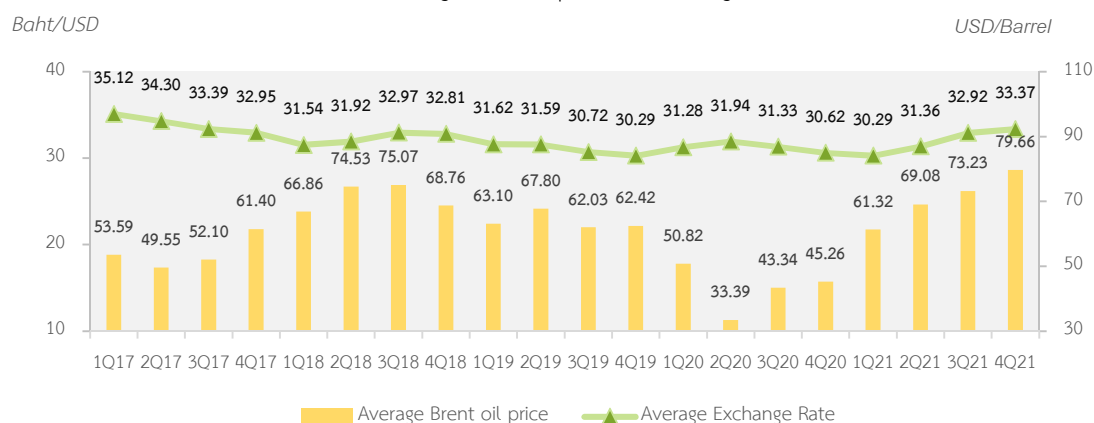
	4Q2020	3Q2021	4Q2021	%YoY	%QoQ
Service Income	433.19	521.02	648.63	49.73%	24.49%
Gross Profit	82.29	98.13	116.17	40.43%	17.03%
Gain (Loss) from disposal of assets	5.33	-	0.61	(88.51%)	0.00%
Gain (Loss) on an exchange rate	(14.51)	9.31	(5.89)	59.42%	(163.29%)
Gain (Loss) from financial instruments	14.74	(6.47)	9.06	(38.56%)	239.99%
Net profit	39.28	49.04	53.06	35.07%	8.19%
Gross profit margin (%)	19.00%	18.83%	17.91%	(1.18%)	(1.13%)
Net profit margin (%)	9.07%	9.41%	8.18%	(0.89%)	(1.23%)
Service income in USD (Separated financial statements)	8.98	9.72	9.70	8.02%	(0.27%)

Economic and Industry Overview

- Spot crude palm oil (CPO) prices are high due to domestic use and the Indonesian government's B30 program. This includes the export sector, which is growing. Despite the beginning of the peak palm production season in the second half of the year, palm supply is still lagging short of demand. Palm oil prices are set for another year of volatility and tight supply as Malaysia makes slow progress in tackling a labor crunch and government policies on green energy and food security spur demand, a Reuters poll showed. Prices, which already hit a record high, are expected to stay firm during the first half of the year. (Source: Reuters)
- The currency exchange of US Dollar had been signed on the Company's operation in terms of the functional currency used according to TAS 21. In 4Q2021, the average of the Thai Baht to US dollar was Baht 33.97 per USD slightly depreciated from 4Q2020 at Baht 30.62 per USD or the average in 2021 was Baht 31.98 baht per US dollar. Depreciated slightly from 2020 at Baht 31.29 per US dollar in accordance with the worldwide market trend, the baht tends to devalue from the strengthening of the US dollar as a result of the US economy's apparent resurgence. Furthermore, a current account deficit exists. It is one of the factors contributing to the baht's depreciation. Because the tourism sector's foreign earnings have plummeted. In addition, Thailand's policy interest rate seems to be very low while the US Federal Reserve (Fed) has indicated that it will end its accommodative monetary policy (QE) in the near term and a potential that the policy rate could be raised next year which clearly reflects the economic recovery. This is in contrast to Thailand's policy interest rate, which is likely to remain low in order to support the economy, a stance that stands in contrast to global market expectations. This underlines the fact that Thailand's economy is currently recovering. As a result, investor confidence and the ability to identify capital outflows are affected resulting in the baht fluctuating and depreciating further. (Source: setinvestnow)

- Voluntary in crude oil price impact the Company’s performance due to the fact that fuel cost classified as major transportation cost. In 4Q2021, average Brent crude oil price reported at USD 79.66 per barrel, surged by 76.01% YoY. The average price in 2021 is USD 70.82 per barrel, compared to USD 43.20 in 2020 since the oil market has excess demand relatively to supply due to recovery in global oil demand. Furthermore, the number of Covid-19 cases is likely to decline. Therefore, economy signals in term of re-open economy indicate growth of oil demand. Besides, OPEC and its partners (OPEC+) have agreed to a no-supply arrangement, which forces demand out of supply thus pushing the price to rise continuously.

Table 2: Average Brent oil price and Exchange Rate



Source: BOT, U.S.A Energy Information Administration

2021 Results

1) Revenues

Table 3: Revenues

Revenue Structure	2020		2021	
	million Baht	%	million Baht	%
International marine service				
Service income	1,155.82	63.95	1,130.63	54.09
Demurrage charge	12.36	0.68	38.32	1.83
Total revenue from marine service	1,168.18	64.64	1,168.95	55.93
Domestic land transportation service				
Service income	639.10	35.36	921.19	44.07
Total revenue from land service	639.10	35.36	921.19	44.07
Total revenue from services	1,807.29	100.00	2,090.14	100.00

2021 consolidated revenues of the Company and its subsidiary posted at Baht 2,090.14 million, increased by Baht 282.85 million or 15.65% YoY. The proportion of the Company’s international marine service and its subsidiary’s domestic land transportation revenues were 55.93% and 44.07%, respectively.

Revenue from international marine service slightly surged by Baht 0.77 million, or 0.07% YoY resulting from an increased in demurrage charges by Baht 25.96 million or 210.09% YoY since vessels entering China are subjected to more stringent inspections. Vessels must squander time waiting for commodities due to the spread of Covid-19.

As the fleet utilization rate increased to 96.95%, up from 90.92% YoY, coupled with an increase in average freight rates of about 8.27% YoY and the Thai Baht depreciated. The transport volume, however, decreased by 157,845 tons, or 11.73%, because of a decrease in the number of vessels and the vessels were idling due to the aforementioned reasons.

Revenue for domestic land transportation services in 2021 was Baht 921.19 million, growing Baht 282.09 million or 44.14 percent from the previous year. The land transportation services' revenue was mainly composed of Baht 815.07 million in revenue from liquid cargo transportation and revenue from acquisitions. Greater income specifically, revenue from liquid cargo transportation increased by Baht 175.97 million, or 27.53% YoY, in line with a fleet growth from 235 to 254 trucks this year, while total oil transport volume was 2,286 million liters, increased by 378.63 million liters, or 19.86 percent YoY, thanks to more efficient fleet management.

2) Gross profit and Gross profit margin

The Company and its subsidiary's gross profit increased by Baht 6.74 million or 1.86% YoY to record at Baht 368.34 million, representing gross profit margin at 17.62%, compared with 20.01% in 2020.

Gross profit of Marine transport in 2021 was Baht 161.20 million decreased by Baht 58.77 million or 26.72%, representing gross profit margin at 13.79%, compared with 18.83% YoY. The declining in gross profit margin of marine transport was owing to a significantly increase in fuel price. According to Table 2, 2021 Brent crude oil prices averaged 70.82 US dollars per barrel, up 63.93% from the previous year. The freight charge, on the other hand, has only climbed by 8.27%. However, The Company regulates the vessel's speed to remain at an economic speed in order to reduce costs. The major cost of services consists of (1) fuel costs, (2) employee expenses, and (3) depreciation.

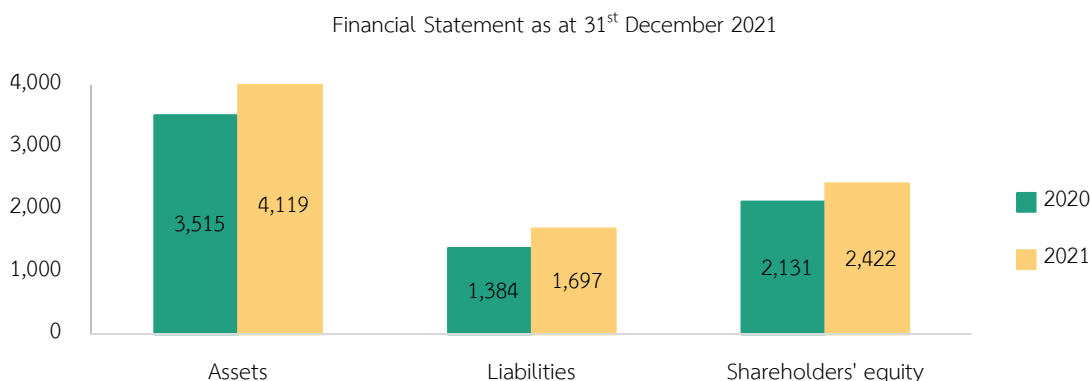
Whereas, the gross profit of domestic land transport in 2021 was Baht 207.13 million surged by Baht 65.51 million or 46.26% YoY, representing gross profit margin at 22.49%, higher than 22.16% in 2020. This is due to more efficient management of routes, drivers and other related costs.

3) Net profit and Net profit margin

In 2021, the Company and its subsidiary's consolidated net profit dropped by Baht 16.83 million or 9.88% YoY to record at Baht 153.51 million. Net profit margin was 7.34% compared with 9.43% YoY. A drop in other income contributed to some of the loss in net profit.

Note: In 2020, there was a profit on the sale of assets of around Baht 13 million, compared to Baht 0.61 million in 2021.

Financial Status



1) Assets

The Company and its subsidiaries had total assets of Baht 4,118.54 million, increased by Baht 603.98 million or by 17.19% YTD mainly due to increasing of truck tankers amounting to Baht 494.57 million from the companies that AMAL recently purchased, and Baht 68.29 million from truck tankers of the liquid transportation service.

2) Liabilities

The Company and its subsidiaries had total liabilities of Baht 1,696.75 million, increased by Baht 312.81 million or 22.60 % YTD due to additional finance leases and an increased in short and long term loans.

3) Shareholders' equity

The Company and its subsidiary had equity of Baht 2,421.78 million, increased by Baht 291.17 million, or 13.67% YoY resulting from the operation and the increased in differences on translating financial statement and dividend payment amount of Baht 103.58 million.

Cash Flows

Table 4: Cash flows

unit: million Baht

	2020	2021	Change	%YoY
Net cash provided by (used in) operating activities	436.78	455.78	19.01	4.35%
Net cash provided by (used in) investing activities	67.52	(387.14)	(454.66)	(673.33%)
Net cash provided by (used in) financing activities	(373.78)	(204.61)	169.17	45.26%
Increase (decrease) in exchange differences on translating financial statements	5.78	4.64	(1.14)	(19.69%)
Net increase (decrease) in cash and cash equivalents	136.29	(131.33)	(267.62)	(196.36%)
Cash and cash equivalents as at 1 st January	88.24	224.97	136.73	154.94%
Adjustment effects of exchange rate	0.43	(1.81)	(2.25)	518.96%
Cash and cash equivalents as at 31 st December	224.97	91.83	(133.14)	(59.18%)

The period ended 31st December 2021, the Company and its subsidiaries had net cash flow received from operating activities of Baht 455.78 million, net cash flow used in investing activities of Baht 387.14 million (M&A), and net cash flow used in financing activities of Baht 204.61 million (long-term loan repayment and dividend payment). Therefore, cash and cash equivalent items as of the ended 31st December 2021 was Baht 91.83 million, decreased by Baht 133.14 million from 31st December 2020.

Key Financial Ratios

Table 5: Key Financial Ratios

	2020	2021	Change
Current ratio (times)	0.70	0.52	(0.18)
Quick ratio (times)	0.61	0.42	(0.19)
Receivables turnover ratio (times)	16.92	11.65	(5.27)
Average receivable collection period (days)*	21.27	30.89	9.62
Debt to equity ratio (times)	0.65	0.70	0.05
Interest bearing debt-to-equity ratio (times)	0.59	0.61	0.02
Return on assets (%)	6.86	5.90	(0.96)
Return on equity (%)	8.11	6.84	(1.27)

*The Company's credit policy is 25-35 days.

Yours faithfully

AMA Marine Public Company Limited



(Mr. Pisan Ratchakitprakarn)

Managing Director

Investor Relations

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